

32nd ALASKA STATE LEGISLATURE
FIRST SESSION
SPECIAL SESSION
CONFERENCE COMMITTEE ON HB 69 and HB 71
June 10, 2021
4:03 p.m.

4:03:10 PM

CALL TO ORDER

Chair Foster called the Conference Committee meeting on HB 69 and HB 71 to order at 4:03 p.m.

MEMBERS PRESENT:

House:

Representative Neal Foster, Chair
Representative Kelly Merrick
Representative Bart LeBon (via teleconference)

Senate:

Senator Bert Stedman, Vice-Chair
Senator Click Bishop
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT:

Alexei Painter, Director, Legislative Finance Division.

SUMMARY

HB 69 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 69 was HEARD and HELD in committee for further consideration.

HB 71 APPROP: MENTAL HEALTH BUDGET

HB 71 was HEARD and HELD in committee for further consideration.

#HB69

#HB71

CS FOR HOUSE BILL NO. 69(FIN) am(brf sup maj fld)(efd fld)

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; and making capital appropriations, supplemental appropriations, and reappropriations."

SCS CSHB 69(FIN) AM S

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making capital appropriations, supplemental appropriations, and reappropriations; and providing for an effective date."

and

CS FOR HOUSE BILL NO. 71(FIN) am

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making supplemental appropriations; and providing for an effective date."

SENATE CS FOR CS FOR HOUSE BILL NO. 71(FIN)

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making capital appropriations and supplemental appropriations; and providing for an effective date."

[4:03:46 PM](#)

Chair Foster invited Alexei Painter, Director of the Legislative Finance Division, to join the committee at the table. He noted that the committee would be addressing open items in HB 69 and HB 71 based on the motion sheets distributed to members and dated June 10th (copy on file) for the departments of:

FY 22 Operating Budget:

Department of Commerce, Community and Economic
Development
Department of Corrections
Department of Education and Early Development
Department of Military and Veterans Affairs
Department of Natural Resources
Department of Revenue
Department of Transportation and Public Facilities
Language and Other Appropriations

FY 21 Supplemental Operating Budget:

Department of Education and Early Development

^DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

[4:04:47 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Commerce, Community and Economic Development budget:

| | |
|--------|--------|
| Item 1 | Senate |
| Item 2 | House |
| Item 3 | House |
| Item 4 | Open |

Senator Olson OBJECTED for discussion. He asked for more detail on item 1 - the reduction of the subsidy to Alaska Legal Services. He queried how the entity would make up the gap in funding.

[4:05:38 PM](#)

AT EASE

[4:06:03 PM](#)

RECONVENED

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, explained that the Senate position reduced the general fund subsidy amount by \$50,000 from \$450,000 to \$400,000. He could not comment on how the gap would be filled, as it was a non-profit.

Chair Foster added that there were additional funds for Alaska Legal Services in the language section of the bill

in the amount of \$311,000. He asked if the figure was correct.

Mr. Painter responded, "That's correct."

Chair Foster thought the governor had not included any funding in the language section in his budget proposal. He asked Mr. Painter if he was correct.

Mr. Painter confirmed that the governor had included \$311,00 in the language section. However, he cut the \$450,000. The Senate put in \$400,000 and the House added \$450,000.

Chair Foster clarified that the governor did not put the \$450,000 in the numbers section. The item represented a reduction of \$50,000 from \$450,000.

Senator Olson wanted to know what the plan was if the entity came up short-funded.

Senator Olson WITHDREW his OBJECTION.

There being NO further OBJECTION, items 1 through 4 within the Department of Commerce, Community and Economic Development budget were ADOPTED.

^DEPARTMENT OF CORRECTIONS

[4:07:52 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Corrections budget:

| | | |
|---------|--------|--------------------------|
| Item 1 | House | |
| Item 2 | Senate | |
| Item 3 | Senate | |
| Item 4 | Senate | All Items |
| Item 5 | Senate | Both Items |
| Item 6 | Senate | |
| Item 7 | House | |
| Item 8 | Senate | |
| Item 9 | Senate | Modify, House structure. |
| Item 10 | Senate | Modify, House structure. |
| Item 11 | House | |
| Item 12 | Senate | |
| Item 13 | Senate | Modify, House structure. |

| | | |
|---------|--------|--------------------------|
| Item 14 | Senate | Modify, House structure. |
| Item 15 | House | |
| Item 16 | Senate | |
| Item 17 | Senate | |

Senator Olson OBJECTED to item 4. He referred to page 2 of the cut sheets. He pointed to population management. He asked for the meaning of municipal manday billings.

Mr. Painter responded that when municipal governments utilized state prisons for their inmates, the state was paid a rate. The general fund program receipts reflected the funding that came from local governments for using state prisons.

Senator Olson asked if they were successful in securing the funds for municipalities.

Mr. Painter replied that they received funds. The increase reflected an increased rate that was being charged for both municipal and federal government.

Senator Olson asked if the municipalities were in favor of the increase in the rate.

Mr. Painter indicated that the item did not impact the rate. It was tied to the actual cost incurred by the department. The rate covered the full cost. The item dealt with receipt authority. Having the receipt authority allowed the department to spend the funds. Otherwise, as general fund program receipts they would lapse to the general fund.

Senator Olson WITHDREW his OBJECTION.

There being NO further OBJECTION, items 1 through 17 within the Department of Corrections budget were ADOPTED.

^DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

[4:11:10 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Education and Early Development budget:

| | |
|--------|-------|
| Item 3 | House |
| Item 4 | House |

Item 5 House Modify, -\$2.5 Million.

Representative LeBon OBJECTED for discussion. He asked for background information on item 5 regarding the reduction and the program itself.

Mr. Painter responded that item 5 and the House amount would have provided a multi-year appropriation for FY 22 and FY 23 of \$5 million total. The Conference Committee modification reduced the amount in half. It equaled approximately \$1.25 million per year. He believed it was in addition to the existing pre-kindergarten grants in the numbers section.

Representative LeBon asked if the money was targeted for select districts or school programs or whether it was broadly applied across all districts. He wondered how the money was allocated.

Mr. Painter replied that the pre-kindergarten grants were part of a competitive grant program that were awarded to kindergarten providers that were often non-profits. Several years prior, the program was restructured to target development programs rather than ongoing support. He could not speak to the intent behind the additional item.

Representative LeBon asked which school districts were operating pre-k programs. It sounded like the programs were outside of school districts. He asked if he was correct.

Mr. Painter was unsure whether they were exclusively outside of school districts. He was aware that many of the programs were operated by non-profits.

Representative LeBon WITHDREW his OBJECTION.

Senator Olson OBJECTED for discussion. He asked about the distribution of the development programs across the state.

Mr. Painter did not have the most recent list of grantees with him, but he could supply one. The list he had seen in the past included entities across the state. However, he could not speak to where they were in the most recent year. He could get the information to the committee.

Senator Olson asked when Mr. Painter could provide the information.

Mr. Painter was unsure how long it would take to receive the information from the department.

Senator Olson WITHDREW his OBJECTION. He would wait for the report.

There being NO further OBJECTION, items 3 through 5 within the Department of Education and Early Development budget were ADOPTED.

^DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

[4:14:52 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Military and Veterans Affairs budget:

Item 1 House

Representative LeBon OBJECTED for discussion. He appreciated the support for the Civil Air Patrol. He thought highly of the program and was glad to see the state supporting it. Most of the money was in support of the one dozen Civil Air Patrol locations around the state. He thought the level of support was important to the program.

Representative LeBon WITHDREW his OBJECTION.

There being NO further OBJECTION, item 1 within the Department of Military and Veterans Affairs budget was ADOPTED.

Senator Olson commented in support of the increment.

^DEPARTMENT OF NATURAL RESOURCES

[4:16:24 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Natural Resources budget:

Item 3 Senate
Item 4 House
Item 5 House

There being NO OBJECTION, items 3 through 5 within the Department of Natural Resources budget were ADOPTED.

^DEPARTMENT OF REVENUE

[4:16:48 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Revenue budget:

Item 1 House

Representative LeBon OBJECTED for discussion. He suggested that the focus of the addition of audit staff positions had to do with corporate income tax returns. He wondered if it was due to audits not being completed in a timely manner, wanting to initiate additional audits, or both.

Mr. Painter replied that the item was a subcommittee addition with the intent to audit more returns. The corporate income tax for non-petroleum corporations was the focus, as the state received many returns. The state did random samples or follow-up audit leads. The increment would provide more capacity for additional audits.

Representative LeBon asked if the administration supported the addition.

Mr. Painter responded that he could not speak for the administration, as it was not part of its budget.

Representative LeBon clarified that the subcommittee felt the need. He asked if the commissioner of the Department of Revenue indicated the need for additional positions.

Chair Foster asked if Mr. Painter recalled the discussion in the Department of Revenue subcommittee.

Mr. Painter could not speak on behalf of the department.

Senator Olson asked if the subcommittee recommendation came from the House or the Senate.

Chair Foster responded that it was the House subcommittee.

Chair Merrick relayed that it was her understanding in committee that the positions would pay for themselves. The

department had previously added auditors and was able to find more income than the audit salaries. She suggested that while it appeared as an increment, the cost of additional staff might save the state money in the long run.

Representative LeBon WITHDREW his OBJECTION.

There being NO further OBJECTION, item 1 within the Department of Revenue budget was ADOPTED.

^DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

4:20:01 PM

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Transportation and Public Facilities budget:

| | | |
|---------|--------|---------------------------|
| Item 11 | House | |
| Item 12 | Senate | |
| Item 13 | Senate | Modify, -\$1.775 Million. |
| Item 16 | House | |

Representative LeBon OBJECTED for discussion. He asked whether items 11 and item 12 were related. There was a reduction in item 11 from a seasonal maintenance position for the Dalton Highway. He was trying to understand whether the central maintenance station serviced the Dalton Highway in any way.

Chair Bishop responded in the negative to Representative LeBon's question regarding item 11. The central maintenance station was not connected to the Dalton Highway. The station had been closed for about 8 years.

Chair Foster noted that the Senate's position regarding the seasonal position for the Dalton Highway was to add \$50,000. The Conference Committee was not adopting the increase of \$50,000 presently.

Representative LeBon was concerned with the maintenance of the Dalton Highway. He had heard concerns from the Alaska Truckers Association about the quality of the highway and the wear and tear on equipment traveling up and down the highway. It was concerning to him that the legislature had not addressed the problem as aggressively as it could have.

Representative LeBon WITHDREW his OBJECTION

Senator Olson noted that the Dalton Highway went through a large portion of his district. However, he had not heard any significant complaints. He suggested, though, that there had been ongoing issues related to the maintenance of the highway.

There being NO further OBJECTION, items 11, 12, 13, and 16 within the Department of Transportation and Public Facilities budget were ADOPTED.

^LANGUAGE AND OTHER APPROPRIATIONS

[4:23:22 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Language and Other Appropriation sections of the budget:

Item 5 Senate Modify, change fund code 1171
(Restorative Justice) to fund code 1004 UGF.

Chair Foster noted that the section dealt with salary adjustments.

There being NO OBJECTION, item 5 within the Language and Other Appropriation sections of the budget was ADOPTED.

^DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT: FY 21
SUPPLEMENTAL OPERATING BUDGET

[4:24:13 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Education and Early Development FY 21 supplemental operating budget:

Item 2 Senate

Representative LeBon OBJECTED for discussion. He asked for further clarification.

Mr. Painter explained the item was a request by the governor to add funding for Mt. Edgecumbe for three different federal bills that had passed that provided funding to school districts. Since Mt. Edgecumbe was a state-run school, it was appropriate for the school to have

direct federal receipt authority. Whereas the department was a pass through recipient for the other schools. The item covered funding going to Mt. Edgecumbe from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act (ARPA).

Chair Foster emphasized that it was not something only Mt. Edgecumbe was receiving. All schools would receive some of the COVID-related funds. The separate appropriation had to do with Mt. Edgecumbe being a boarding school. He asked if he was correct.

Mr. Painter relayed that the appropriation was separate because it was a state-managed school. Mt. Edgecumbe received the funds directly with federal receipt authority. The state received the funds for the other school districts and passed the money to them.

Representative LeBon appreciated the additional information. He thought it helped the committee and the audience to better understand the appropriation.

Representative LeBon WITHDREW his OBJECTION.

There being NO further OBJECTION, item 2 within the Department of Education and Early Development FY 21 supplemental operating budget was ADOPTED.

Chair Foster indicated the committee had covered the agenda for the day. He relayed that once the next meeting date and time was determined, the details would be noticed on BASIS at www.akleg.gov. He hoped the next meeting would occur in the following day.

Vice-Chair Stedman MOVED to ADJOURN. There being NO OBJECTION, it was so ordered.

ADJOURNMENT

[4:26:49 PM](#)

The meeting was adjourned at 4:26 p.m.